

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EA-09 SP-02 AID-05 EB-07 NSC-05 CIEP-02
SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 L-03 H-02
PA-02 PRS-01 SSO-00 NSCE-00 INRE-00 USIE-00 /095 W
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O R 161205Z DEC 76
FM AMEMBASSY LONDON
TO TREASURY DEPT WASHDC IMMEDIATE
SECSTATE WASHDC 8814
INFO AMEMBASSY PARIS
AMEMBASSY BTNN
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION OECD PARIS
USMISSION EC BRUSSELS

UNCLAS SECTION 01 OF 02 LONDON 20308

DEPARTMENT PASS FEDERAL RESERVE BOARD

E.O. 11652: N/A
TAGS: EFIN, UK
SUBJECT: PRESS COMMENT ON CHANCELLOR'S MINIBUDGET

SUMMARY: PRESS REACTION TO THE CHANCELLOR'S PACKAGE WAS
GENERALLY CRITICAL. POLITICAL PRESSURES WITHIN THE LABOR
PARTY WERE CREDITED WITH PRODUCING AN UNIMAGINATIVE,
BARE MINIMUM KIND OF PACKAGE, WHEN IN FACT THE BRITISH
PEOPLE HAD BEEN EXPECTING SOMETHING FAR MORE DRACONI-
AN AND MEANINGFUL IN A STRUCTURAL SENSE. HEALEY WAS CHARA-
CTERIZED AS DENIS THE MINI-MENACE, THE RUZBER CHANCELLOR,
AND HAVING MADE THE WORST OF A BAD JOB. END SUMMARY

1. THE FOLLOWING QUTTATIONS ARE AMONG THE MOST PITHY OF
THE MORNING'S EDITORIAL AND POLITICAL COLUMNIST COMMENTARY

FINANCIAL TIMES
"IT IS THE VERY LEAST THAT THE IMF WOULD ACCEPT....

NOT BE GREATLY INCREASED BY THIS PACKAGE."
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SAMUEL BRITTAN (FT)

"WHILE OVERSEAS CREDITORS HAVE NOT GIVEN A THUMBS DOWN REACTION, THEY HAVE BEEN AS COOL AS THEY COULD POSSIBLY BE....THOSE WHO WERE WORRIED BY THE SHARE OF ATTENTIONAL RESOURCES GOING INTO THE NON-MARKET PART OF THE PUBLICSECTOR HAVE JUST AS MUCH REASON TO BE WORRIED AS BEFORE THE CHANCELLOR STOOD UP."

DAVID WATT (FT)

THE CHANCELLOR DID NOT CUT A VERY CONVINCING FIGURE..
., MAINLY BECAUSE HE HAS HAD TO MAKE THE SAME PROMISES AND OPTIMISTIC PREDICTIONS BEFORE. HE MAY BE BRIGHT BUT INEVITABLY HE SOUNDED HOLLOW."

THE TIMES

"MR. HEALEY'S MEASURES YESTERDAY WERE THE THIRD TIME HE HAS DONE TOO LITTLE IN ONE YEAR."

PETER JAY (TIMES)

"ECONOMIC POLICY OVER THE NEXT TWO YEARS HAS BEEN PLACED IN A RIGID, BUT NOT ALL THAT TIGHT STRAIGHTJACKET..
..(CREDIT EXPANSION) IS LESS RESTRICTIVE THAN THE STEADY REDUCTION TOWARDS A NON-INFLATIONARY RATE OF UNDER 5 PERCENT FAVOURED BY PURISTS. BUT IT ALSO MEANS THAT NO REAL EXPANSION OF THE ECONOMY CAN OCCUR UNLESS BOTH THE BALANCE OF PAYMENTS MOVES INTO THE LARGE SURPLUS NOW HOPED FOR ON THE BASIS OF NORTH SEA OIL PRODUCTION AND INFLATION CES DOWN INTO SINGLE FIGURES IN 1978."

DAVID WOOD (TIMES)

"MR. HEALEY IS NOT THE FIRST POSTWAR CHANCELLOR TO BE REQUIRED TO ATTEMPT THE IMPOSSIBLE TASK OF DOING HIS DUTY BY STERLING AND THE WELL BEING OF THE ECONOMY AND CARRYING THE RANK AND FILE WITH HIM. AT LEAST NO CHANCELLOR HAS MADE THE ATTEMPT WITH MORE SPIRIT AND AUDACITY. HE CERTAINLY DID NOT SPARE LABOUR'S TENDER SPOTS. HE STOOD AT BAY, DEFIANT FROM BEGINNING TO END OF HIS OPENING STATEMENT AND ALL THE QUESTIONS THAT FOLLOWED."

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THE GUARDIAN

"AS THE IMF TEAM MUST HAVE COME TO ACCEPT DURING
THEIR UNEXPECTEDLY LONG SOJOURN, THE POLITICAL IMPERA-
TIVES OF THE GOVERNMENT'S SITUATION ARE VERY MUCH ROUGHER
AND MORE COMPLEX THAN THE MARKETS AND THE HARDLINE CRITICS
LIKE TO BELIEVE: AND WE RETAIN OUR VIEW THAT TO GO MUCH
ABOVE THE TARGETS THE CHANCELLOR EVENTUALLY SET HIMSELF
WOULD HAVE BEEN PERILOUS AND COUNTERPRODUCTIVE."

PETER JENKINS (THE GUARDIAN)

"THE PACKAGE CANNOT BE SENSIBLY VIEWED AS DEFIANCE
OF THE IMF ... IT IS PERFECTLY POSSIBLE, EVEN PROBABLE,
THAT THIS GOVERNMENT WILL FAIL TO TAKE THE MEASURE OF
BRITAIN'S ECONOMIC PROBLEM. IT IS BETTER, HOWEVER, FOR IT
TO PERSIST WITH A STRATEGY IN WHICH IT HAS SOME BELIEF
THAN TO HAVE ADOPTED A STRATEGY -- THE MONETARIST ONE --
IN WHICH IT HAS NO BELIEF."

THE TELEGRAPH

"FOREIGNERS LOOK FURTHER AHEAD THAN MR. HEALEY. THEY
WILL SEE NOTHING TO COMFORT THEM IN HIS PACKAGE; NOR CAN
WE. THERE IS NO CURE IN IT THE PRIORITIES ARE UP-
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SIDE DOWN IT IS SILLY TO HANG ON TO CIVIL SERVANTS
AND CUT ROADS, ALL OF WHICH MIGHT BE USEFUL TO PRODUCTIVE

INDUSTRY. THE CUTS IN DEFENSE ARE A DISGRACE OR WORSE."

DAILY MIRROR

"WHAT BRITAIN NEEDED THIS CHRISTMAS WAS ACTION
MAN. INSTEAD WE HAVE BEEN GIVEN A RUBBER CHANCELLOR.
FULL OF BOUNCE, AND ABOUT AS TOUGH AS A BEACH BALL. THE
WHOLE COUNTRY WAS YESTERDAY GEARED UP TO MAKE REAL SACRI-
FICES. THEY WANT TO TAKE THE MEDICINE LIKE ADULTS AND
GET IT OVER WITH. DENIS HEALEY DID JUST ENOUGH TO SCRAPE
UP THE IMF LOAN ... HE DID JUST ENOUGH TO HOLD OUT THE
CHANCE OF A THIRD ROUND PAY DEAL ... BUT WHAT DID HE DO
TO ADVANCE THE CRUCIAL NEED FOR SHIFTING RESOURCES INTO
MANUFACTURING INDUSTRY? NOTHING."

THE SUN

"WITH ALL THE BATTERED BRAVADO OF AN EXPOSED CON-
MAN, MR. DENIS HEALEY YESTERDAY HANDED THE NATION THE BILL
FOR HIS OWN MISDEEDS. YET AGAIN, THE MIXTURE IS NOT
STRONG ENOUGH TO PRODUCE THE CURE, WE NEED AN ALTOGETHER
BOLDER AND MORE IMAGINATIVE APPROACH TO OUR PROBLEMS
BEFORE WE CAN EVER BEGIN THE LONG SLOW CLIMB FROM THE
DEPTHS TO WHICH WE HAVE SUNK. ARMSTRONG

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